

_____ BILL NO. _____

INTRODUCED BY _____
(Primary Sponsor)

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR THE DEVELOPMENT OF A STATE ENERGY RESOURCE PLAN; ESTABLISHING A WORKING GROUP TO DEVELOP THE PLAN; PROVIDING A PROCESS FOR DEVELOPING THE PLAN; REQUIRING THE ENERGY AND TELECOMMUNICATIONS INTERIM COMMITTEE TO FINALIZE AND ADOPT THE PLAN AND SEND THE PLAN TO THE GOVERNOR AND THE LEGISLATURE; PROVIDING AN APPROPRIATION; AND PROVIDING EFFECTIVE DATES."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Definitions. As used in [sections 1 and 2], unless the context requires otherwise, the following definitions apply:

(1) "Appropriate state agencies" means:

(a) the department of environmental quality established in 2-15-3501;

(b) the department of natural resources and conservation established in 2-15-3301;

(c) the office of economic development established in 2-15-218;

(d) the public service commission established in 2-15-2602; and

(e) the Montana consumer counsel established in Article XIII, section 2, of the Montana constitution.

(2) "Committee" means the energy and telecommunications interim committee established in 5-5-230.

NEW SECTION. Section 2. State energy resource plan development process. (1) On or before September 15, 2006, the committee, with extensive public involvement, shall, in conjunction with the working group established in subsection (2), develop a state energy resource plan under the process described in subsections (2) and (3).

(2) (a) The committee shall assign to a state energy resource plan working group the task of developing a draft state energy resource plan.

(b) The makeup of the state energy resource plan working group must include the following working group members appointed by the presiding officer of the committee with the consent of the vice presiding officer no later than August 1, 2005:

- (i) one representative from the nonindustrial retail electric and natural gas consumer sector;
- (ii) one representative of the cooperative utility industry in Montana;
- (iii) one representative of the electric public utilities in Montana;
- (iv) one representative from the coal and natural gas power generation industry;
- (v) one representative from the renewable power generation industry;
- (vi) one representative of Montana's Indian tribes;
- (vii) one representative from organized labor;
- (viii) one representative from the community comprising environmental and conservation interests;
- (ix) one representative of the wholesale electric power market industry; and
- (x) one representative from each of the appropriate state agencies.

(c) Whenever possible, the working group shall use a consensus process to formulate recommendations for developing the state energy resource plan to be submitted to the committee. Recommendations that are not based upon consensus must be so noted by the working group.

(d) A draft state energy resource plan must be submitted and recommended to the committee by the working group no later than July 1, 2006.

(e) Upon consideration of the working group's draft state energy resource plan, the committee may adopt, modify, or reject components of the plan. The committee shall forward a recommended final state energy resource plan to the governor and the legislature no later than September 15, 2006.

(3) In developing a draft state energy resource plan, the working group shall:

(a) comprehensively analyze the adequacy and reliability of electrical energy transmission systems in the state and recommend necessary or appropriate improvements or expansions of these types of infrastructure, including the estimated costs of those improvements or expansions;

(b) comprehensively analyze and review energy supply alternatives that are suitable for implementation in Montana, including analyzing and summarizing the:

- (i) average unit cost of production for each resource and necessary transmission and distribution costs;
- (ii) technical feasibility of each option; and
- (iii) existing environmental impact information on each option;

(c) using the information developed pursuant to subsections (3)(a) and (3)(b), identify the areas across the state that are most suitable for the construction of energy supply alternatives;

(d) work with public and cooperative utilities to identify all cost-effective conservation measures in each

utility's service territory that cost less than 10% of the utility's wholesale power supply costs to acquire and that have payback periods of 10 years or less and prepare a plan component for capturing those savings.

(4) The legislative services division shall:

(a) provide staff support to the working group, including policy analysis, data gathering, research, technical analysis, and administrative support;

(b) provide administrative coordination among the appropriate state and federal agencies in the state energy resource plan development process; and

(c) prepare necessary reports.

(5) In carrying out their responsibilities under this section, the committee and working group may contract with experts, consultants, and facilitators and may seek additional funding from a variety of private and public sources for technical and other assistance necessary to accomplish their responsibilities.

NEW SECTION. Section 3. Appropriation. There is appropriated \$75,000 from the general fund to the legislative services division for the purposes of [sections 1 and 2] for fiscal year 2006 and fiscal year 2007.

NEW SECTION. Section 4. Effective dates. (1) [Sections 1 and 2 and this section] are effective on passage and approval.

(2) [Section 3] is effective July 1, 2005.

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